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CCP REGULATES SUMMER GRAIN LEVY;
EXPLAINS STABILIZED BUDGET

ISSUES GRAIN COLLECTION DIRECTIVE -- Hangchow Chekiang Jih-pao, 1 Jun 50

Peiping, 31 May (Hsin-hua) -- At the 34th session of the Administration Council held on 30 May 1950 the following instructions on the collection of the summer quota of public grain were approved:

1. The summer grain-collection plant is intended to facilitate the delivery of public grain. It has been decided that wherever there is a summer crop and no severe famine, there shall be a summer and autumn collection of public grain. The summer collection shall be counted as a part of the whole year's quota.

2. The regional administrative district shall be the unit for computing the summer collection. The percentage of the principal crops to be collected in the summer shall not exceed 13 percent of the total crop. The province shall be the unit for the collection of local tax grain and the amount shall not exceed 15 percent of the amount of national public grain collected.

3. The term "newly liberated area" shall be applied to areas where the land-reform program has not yet been carried out. The summer collection of public grain in these areas shall be on a graduated basis. Details shall be decided by the regional military and administrative committee concerned in accordance with the following principles:

a. Complete or partial exemptions shall be granted to families of heroes and soldiers, impoverished members of the families of distribution system workers, widows and the aged, and those who are unable to contribute to the collection because of calamity after the summer harvest. However, except for calamity-stricken areas, in areas where the percentage of poor folks is large, the number of exempted families shall not exceed 20 percent of the total number of families in any ch'u having summer crops.

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b. Within the pattern of the summer collection program there are gradations among the classes of peasants. The collection unit shall be the household. The collection from poor farmers shall not exceed 10 percent of their summer crop. Middle class farmers shall not pay more than 15 percent of their crop. Wealthy farmers shall not pay more than 25 percent and landlords not more than 50 percent of their summer crop. In special cases where the income is more than 2,000 piculs, the collection shall not exceed 80 percent of the crop. The actual collection in these cases shall be decided by the provincial authorities. Summer collections shall be according to these scales; there shall be no deviation.

c. Where landlords have reduced the rent according to the law, both landlord and renter shall bear an equitable share of the summer grain collection, but where the landlord has not made the legal rent reduction, he alone shall bear the burden of the summer collection.

d. After the landlord has reduced the rent, renters, who are able, should pay their rent, but if they are unable to pay the rent, because of calamity, the landlord shall be absolved from payment of the summer public grain quota on those lands from which he has not been able to collect his rent.

4. The crop income from land shall be reckoned on an average over a period of years. The harvest is usually governed by natural conditions, such as soil quality, topography, water supply, climate, etc., and by conditions of cultivation. In reckoning the proper production for any given land, actual conditions shall be considered; there shall be neither underestimation or overestimation. Those who because of diligence and skill increase the productivity of their land shall not be more heavily taxed because of that, nor shall those who are dilatory, and for that reason receive a smaller crop than the land should yield, have their tax burden reduced on that account.

5. The grain that was borrowed last year from the people by the government because of military necessity, and over-collections that were made, in the past shall be paid back over a period of 3 years in accordance with the order of the Administration Council issued 24 February of this year, entitled "A Directive Concerning Land Reform and Public Grain Collection in Newly Liberated Areas." The amount to be returned this year shall be determined by the regional military and administrative committees and reported to the Administration Council for approval. The amount of public grain that was short in the autumn collection last year shall be taken care of in accord with the above directive.

6. The summer grain collection for this year shall be based on wheat and early paddy rice. A portion of the collection may be in cash. The proportion of cash to be collected shall be decided upon by the finance and economic committee of the regional administrative districts and reported to the Administration Council for approval.

7. Local people's government authorities on all levels, especially the hsien, ch'u, and village authorities shall mobilize all their workers and popular organizations and, in accordance with these principles and methods, personally go out into the rural areas and carefully explain the purposes and policies of the government to those from whom the collection is to be made, so that all will fully understand the way in which the tax is reckoned. They shall help and supervise the collectors to make the collection in accord with the actual conditions in each area and complete the collection in a thorough manner. The collectors shall carefully follow these instructions and may not, under any circumstances, employ force. Any taxpayer or any of the local authorities who perceives any inequalities in the collections or any favoritism shown may appeal to the authorities on the next higher level for an investigation. Appellate authorities shall promptly make the necessary investigation and adjust matters

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according to the law; there shall be no delay in handling such matters. During the investigation, however, the taxpayer shall pay the tax as assessed and an adjustment shall be made at the conclusion of the investigation.

8. The military and administrative council of each regional administration district, together with the provincial and municipal authorities, shall determine the details of the collection process in accord with the principles of these regulations and report to the Administration Council for the record. Enforcement shall be carried out in strict accord with Item 3 of these regulations. No authorities on any level shall use any method to raise the collections above the required amounts.

CCP STABILIZED BUDGET -- Shanghai Ta Kung Pao, 31 May 50

People's Broadcasting Station -- According to a report from Peiping on 30 May, China's income and expenditures have approached a balance since the initiation of financial and economic unification measures in March 1950. According to statistics of the Ministry of Finance of the Central People's Government the budgetary deficit in March was reduced 80.2 percent as compared with January 1950, and 71.8 percent as compared with February. In April, income and expenditures were almost equal. This was the basic factor for the nationwide stabilization of prices since March.

The first reason behind the new equilibrium was an adjustment of income, in which the amount of fluid capital absorbed by the treasury was increased. Taking tax receipts as an example, March showed an increase over January of 10.8 percent, and April showed an increase over January of 58.3 percent. In addition, profits from public enterprises accounted for 16.7 percent of national cash expenditures in April, whereas in March they amounted to a negligible figure.

The second reason was the great reduction in expenditures by local governments. For example, the Northwest Regional District, in March, reduced its expenditures estimates for 1950 by 40 percent, while income was increased by 8 percent, thereby decreasing the expected deficit from 70 percent to 30 percent. Other regional districts which have been dependent on central government subsidies, have now readjusted their budgets in accordance with central government stabilization plans and currently all have budgetary surpluses.

Thirdly, since income and expenditures have been centralized in the hands of the central government, the latter can make expenditures in the light of over-all needs. In this manner, funds for such projects as support of the front lines, calamity relief and rehabilitation of the economy are guaranteed without recourse to further issuance of banknotes.

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